

How can bold CFOs reframe their role to optimize performance?

EY CFO Imperative Romania Study

February 2024



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Foreword

The role of the Chief Financial Officer (CFO) in Romania has experienced a radical transformation in recent years. The traditional equation of prudence and austerity management has been swapped for a bolder strategy; one fueled by innovation, integration, and unimaginable feats of growth. The present survey provides an interesting glimpse into this evolution, giving us an in-depth look into the perspectives and strategies of the most audacious CFOs in the country.

The importance of innovation and cost optimization is heavily emphasized by the CFOs we interviewed. Through strategies such as zero-based budgeting, digital transformation, and profit generation, they aim to unleash potential in their teams and reframe their organizations as machines for sustained growth. The adoption of data lakes or data warehouse implementation, predictive analytics, and an overarching emphasis on data-driven decision-making contributes to their arsenal, allowing for real-time insights and a greater potential to future-proof their processes and operations.

A common thread weaving through these conversations is the concurrent importance of collaboration and a focus on talent development within their teams. As custodians of an organization's financial health, CFOs understand that a harmonious and skilled workforce is integral to sustainable success. Hence, they create environments that encourage dialogue, innovation, and foster a growth mindset.

The interviews also divulged that CFOs in Romania are evolving in accordance to the global shift towards more sustainable business practices. They understand that the integration of Environmental, Social, and Governance (ESG) factors into financial practices can enhance company long-term performance. By working on sustainable partnerships, imposing sustainability standards, and incorporating ESG topics into their parameters, these financial leaders ensure their organizations remain competitive, responsible, and future-proofed.

Lastly, the importance of adopting cutting-edge financial tools and technologies was brought to the fore. Intelligent business tools, machine learning and digital projects that allow automation and efficiency in their departments are no longer an option but a compass for navigating today's ever-changing business environment. Indeed, the CFO's utilization of financial tools for business insights has become a critical catalyst for decision-making processes.

This set of interviews and surveys offers a profusion of insights, strategies, and trends impacting CFOs in Romania today. In essence, it corroborates the belief that the vital role of CFOs goes beyond mere number-crunching and cost management. They are indeed the pioneers leading their organizations towards a future filled with growth, innovation, and sustainable responsibility.



Guillaume Macczak
EY Romania Finance Consulting Leader



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About the study

The EY Romania CFO Imperative study was initiated in response to the pressing requirement for transformation of the Finance function within organizations in Romania, to serve as a critical reference, integrating insights from prominent professionals on key queries:

1 What is the primary focus of CFOs' strategies and their intended objectives?

Around 100 CFOs, Financial Directors and Senior Finance Executives were surveyed end of 2023 to understand the perspectives of financial leaders on various critical success factors. These include the **central themes of their strategies**, particularly with regards to cost optimization and stimulating growth. It also seeks to comprehend the **significance CFOs place on cultivating a skilled and collaborative workforce** in the current business climate, given their instrumental role in spearheading talent development initiatives.

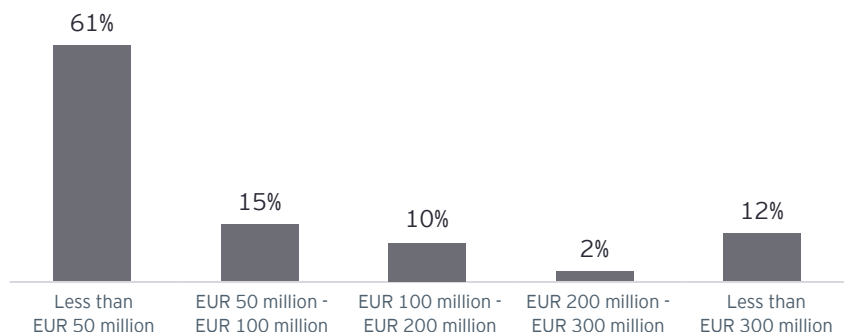
2 How significant is the role of CFOs in cultivating a skilled and collaborative workforce in today's business environment?

3 How are CFOs integrating ESG factors and strategic risk management in their decision-making to future-proof their organizations' finances?

Furthermore, the research focuses on evaluating the **level of priority CFOs allocate to incorporating ESG factors** and strategic risk management in their decision-making, to secure future financial stability for their organizations, and lastly, the extent to which **CFOs leverage technological innovations**, especially in terms of employing groundbreaking financial tools to augment business insights.

4 Which areas of technological innovation, particularly in financial tools, are CFOs leveraging to enhance business insights?

Fig. 1 Annual local revenue distribution



The respondents represented a broad geographical distribution, hailing from major metropolitan areas across Romania, including but not limited to Bucharest, Cluj, and Brasov, Timisoara, etc.

Over **60% of survey participants** are employed in organizations with **annual turnover less than EUR 50 mil**, around **15%** are part of organizations with **turnover between EUR 50 mil - 100 mil** and almost **25%** within organization **exceeding turnover of EUR 100 mil** (Fig. 1).

The survey encompassed ten sectors, predominantly automotive, media & technology, real estate, financial services and advanced manufacturing & industrial products.

To supplement the numerical data from the survey, EY Romania incorporated a **qualitative survey** to enrich the insights. This constituted a series of comprehensive, one-to-one interviews with Chief Financial Officers (CFOs) from some of Romania's leading companies.

Nine CFOs generously contributed to this phase of research, offering invaluable insights into their responsibilities, challenges, and viewpoints. Their input laid a robust foundation for our study, facilitating a holistic understanding of the finance function within Romanian companies.

The interviewee selection underwent careful scrutiny, focusing on CFOs from varied industrial backgrounds with abundant field experience, thereby ensuring well-balanced representation.

Interviews spanned 45 to 60 minutes and were conducted both virtually and in person to best suit the preferences and availability schedules of the participants.

In the interest of preserving data integrity, each interview was recorded thus guaranteeing no loss of information. Our team subsequently transcribed these recordings into detailed and accurate written forms, which served as the foundation for our qualitative analysis. This enabled a rigorous examination of the CFOs' responses and perspectives.

The insights in this report are part of **EY CFO Imperative series**, which addresses critical issues and actions to help finance leaders reframe the future of their organizations. To explore future insights, visit ey.com/CFO.



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Advancing a Bold CFO Agenda: Unleashing Cost Optimization and Nurturing Growth

Successful transformation and long-term value creation are central to the dynamic role of a CFO.

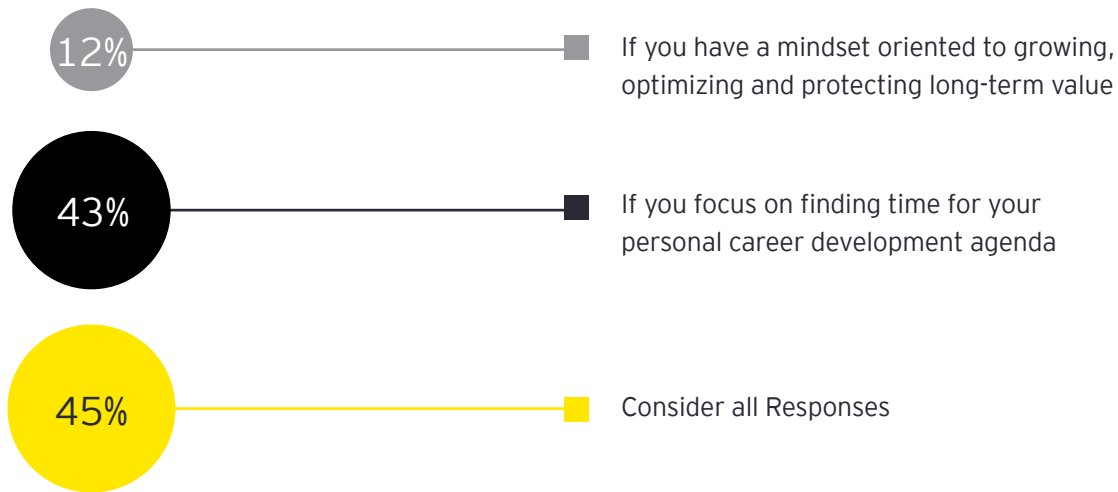
Exploring the key drivers that fuel successful transformations becomes crucial in understanding the dynamic role of CFOs. Their ability to create long-term value, even when under pressure, to optimize priority investments, further illustrates the multifaceted aspect of their function.

Two key aspects stand out as critical to career success for CFOs.

- ▶ First, an ability to self-assess and effectively manage their own transformation process.
- ▶ Second, a clear and defined plan for accomplishing career ambitions.

This perspective allows them to oversee a myriad of strategies and unlock new avenues to drive the company's growth and success.

Fig. 2 Key points to succeed in your career as a CFO



Considering all responses (45%):

CFOs can identify opportunities for cost savings and growth by ensuring diverse strategies and perspectives are examined.

Allocate time for personal career development (12%):

Spending time on personal skill development can lead to broader insights and innovative strategies in cost management and business growth. By staying updated on trends and skillsets, a CFO can bring fresh perspectives on cost reduction and growth strategies.

Adopting a growth-oriented mindset (43%):

CFOs can navigate a balance between cost reduction and firm growth by focusing on long-term value optimization.

While ensuring growth and sustainability, maintaining a balanced work environment, encouraging innovation and promoting talent development, CFO's are taking a pragmatic approach to their roles, having progressive views on the use of technology, talent development and sustainability.

The self-assessment reveals a higher confidence in financial transformation processes amongst both cohorts of CFOs (global and those established in Romania).

In the self-assessment of their transformation process, those surveyed provided insight into the performance of their finance function:

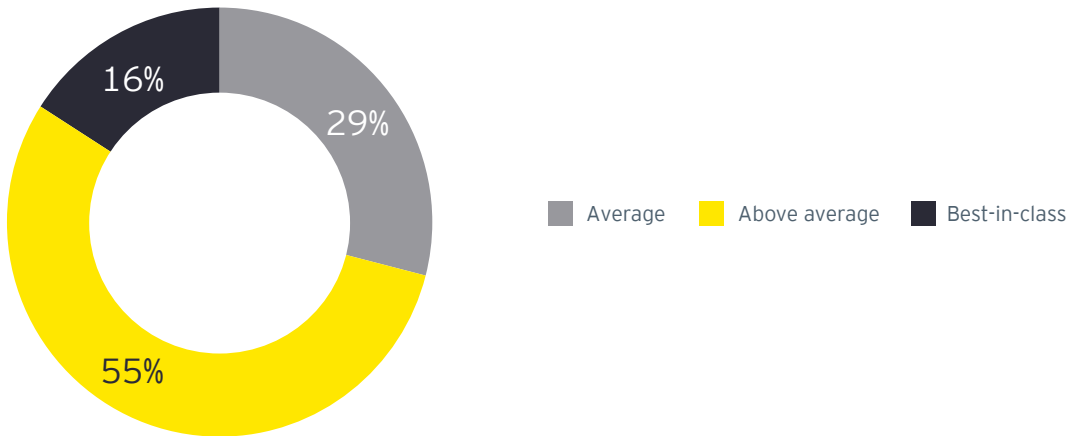
“Best-in-class” showed parity, with both the Romania and Global groups rating their performance at 16%. This indicates a shared level of high confidence in financial transformation processes amongst the top performers.

For the **“Above Average”** category, the Romanian side gave themselves a higher rating at 55% than the Global group, which stood at 40%. This could suggest that the Romania group is more optimistic or satisfied with their transformations, or they may have experienced more successes.

When rating themselves as **“Average”**, the Romania group is at 29%, while the Global group is slightly higher at 38%. This could suggest that more businesses within the Global group consider themselves to be performing at an average level in their transformation processes compared to the Ro group.

Interestingly, no one in the Romania group considered their performance **“Below Average”**, compared to 6% in the Global group. This points to a higher overall self-assessed performance for the Romania respondents. (Fig. 3).

Fig. 3 CFOs self-assessment of their own professional transformation process



In summary, the Romania group generally rates their finance function's performance more favorably during transformation processes than the Global group, with a higher proportion considering their performance to be above average and none rating their performance as below average. This could reflect differing transformation experiences, benchmarks, confidence levels, or expectations between the two groups.

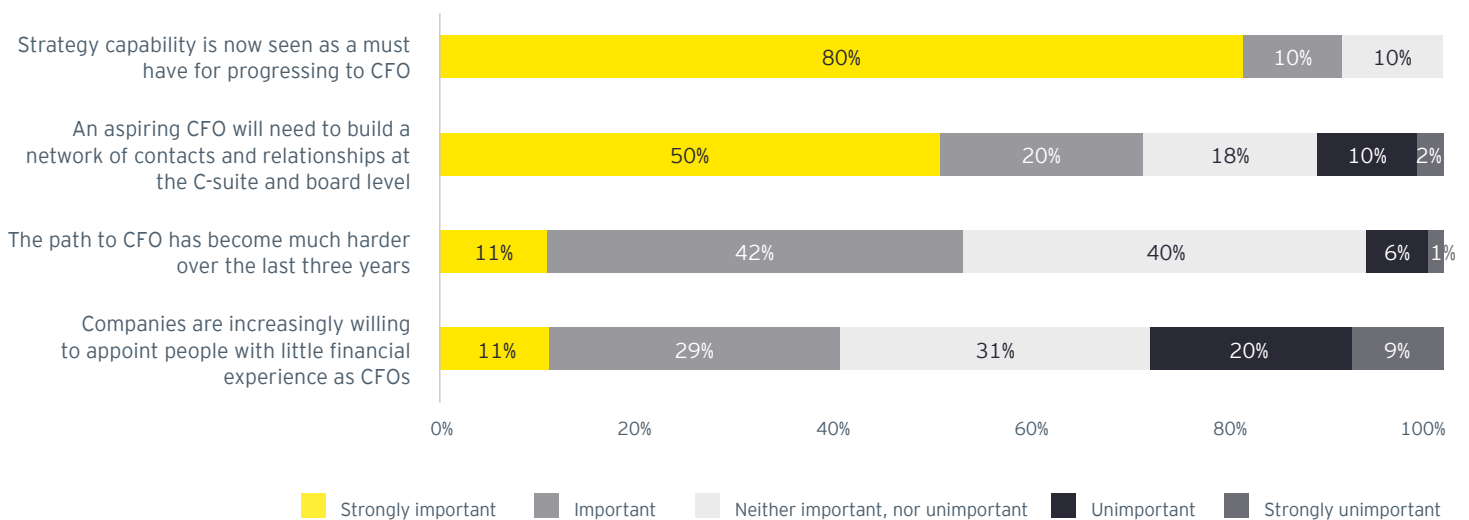
Digitalization is being embraced as a key strategy to reduce costs and heighten customer satisfaction; tweaking business processes and initiatives in proportion to available resources to optimize output.

CFOs in Romania and global executives agree on the importance of strategic capabilities and networking for CFOs, yet perceive the career path’s complexity and qualification requirements differently.

The survey uncovers interesting trends amongst finance executives in Romania in relation to the evolving challenges in securing a top CFO role today:

- ▶ **“Strategy capability is now seen as a must-have for progressing as CFO”:** More executives in Romania (**90%**) agree with this statement, than at a Global level (**76%**). This indicates that strategy execution is more strongly emphasized as a crucial skill for CFOs in Romania.
- ▶ **“An aspiring CFO will need to build a network of contacts and relationships at the C-suite and board level”:** There is an even distribution of agreement at **76%** in the Global category, whereas **70%** of the Romania group agrees. This suggests strong consensus across both groups about the importance of networking for CFO aspirants, with slightly more emphasis globally.
- ▶ **“The path to CFO has become much harder over the last three years”:** There’s a notable difference here, with only **53%** of the Romania executives agreeing, compared to a significant **72%** globally. This could mean that the Romania group might find the CFO path more accessible or less challenging than their global counterparts.
- ▶ **“Companies are increasingly willing to appoint people with little finance experience as CFOs”:** Fewer in the Romania group (**40%**) agree with this compared to the Global group (**66%**), implying that the Romania executives sees less of this trend or places greater importance on finance experience for the CFO role. (Fig. 4)

Fig. 4 Challenges finance executives face in securing top CFO role



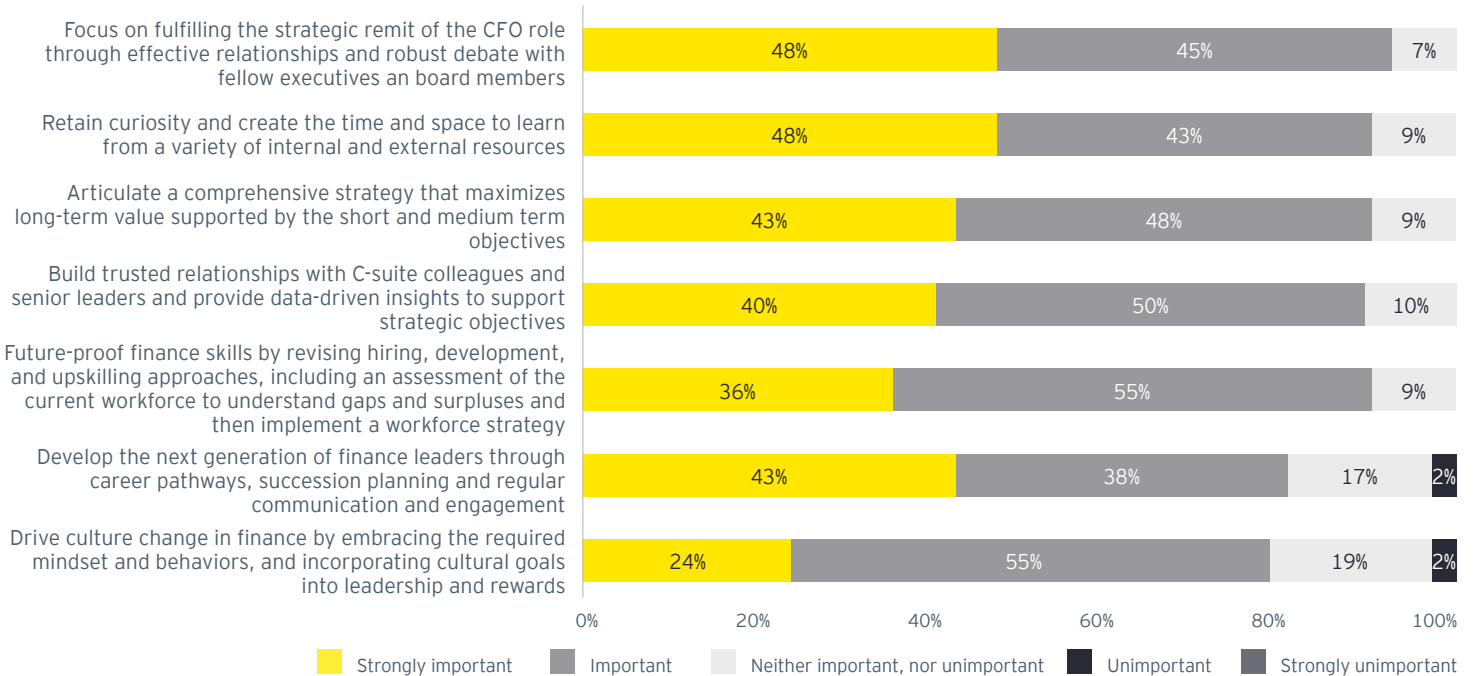
In summary, both groups recognize strategy capability and networking as valuable for securing a CFO position. However, they differ considerably in their perception of the evolving difficulty of the CFO’s path and the trend of appointing CFOs with limited finance experience.

Strategic focus, skills enhancement, collaboration, ongoing learning, talent development, and cultural shift are viewed as essential steps by CFOs for guiding their finance function’s future direction.

In the surveyed pool of CFOs, respondents highlighted several essential steps they consider crucial for future progress, arranged here in descending order:

- ▶ A significant **93%** of CFOs emphasized focusing on their **strategic role through robust debates** and effective relationships with fellow executives and board members;
- ▶ **91%** believed in **revising hiring, development, and upskilling approaches** to future-proof finance skills and in articulating comprehensive, long-term value-maximizing strategies;
- ▶ **91%** vouch for articulating a **comprehensive, long-term value-maximizing strategy**;
- ▶ **90%** affirmed the importance of **building trusted relationships with C-suite** colleagues and senior leaders and retaining curiosity through continuous learning from diverse resources;
- ▶ An impressive **90%** of CFOs affirm the necessity to future-proof finance skills by **revising hiring practices and upskilling approaches**;
- ▶ **81%** acknowledged the importance of **nurturing the next generation** of finance leaders through career pathways, succession planning, and regular engagement;
- ▶ Finally, **78%** underscored the importance of **driving cultural transformation** within the finance function. (Fig. 5)

Fig. 5 Steps taken into account when considering the tackled paradoxes



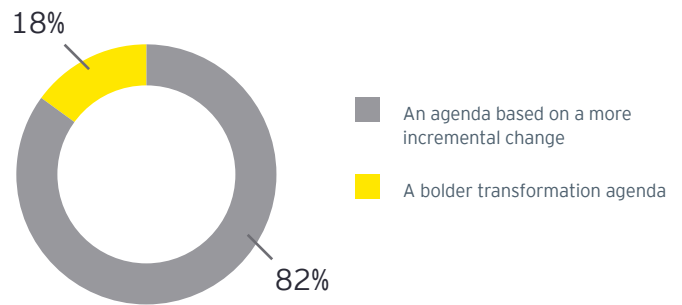
CFOs play an essential role in fostering internal and external collaborations to navigate economic changes, with a key focus on transforming complex financial information into accessible insights. They ensure smooth operations through a balanced focus on essentials and strategic use of innovative tools like PowerBI and Tableau. Emphasizing continuous risk management, employee engagement, and transparency, CFOs help their organizations adapt to rapid technological advancements and shifting workforce dynamics, ultimately preparing them to be adaptable, responsive, and future-ready.

Inspire, lead, care, empower, build, and collaborate form the pillars of successful transformations within the finance function.

CFOs of today’s businesses navigate complex, evolving landscapes. Our survey reveals that **(82%)** of CFOs favor a **gradual, phased approach** to implementing change in their daily operations, signifying a preference for stability and predictability (Fig. 6).

However, a bold minority **18%** - in line with global results, advocates for **transformative agendas**, suggesting an openness to significant, paradigm-shifting change. These leaders subscribe to what could be considered a contrarian approach within the profession, showing willingness to boldly redefine their roles and responsibilities. (Fig. 6)

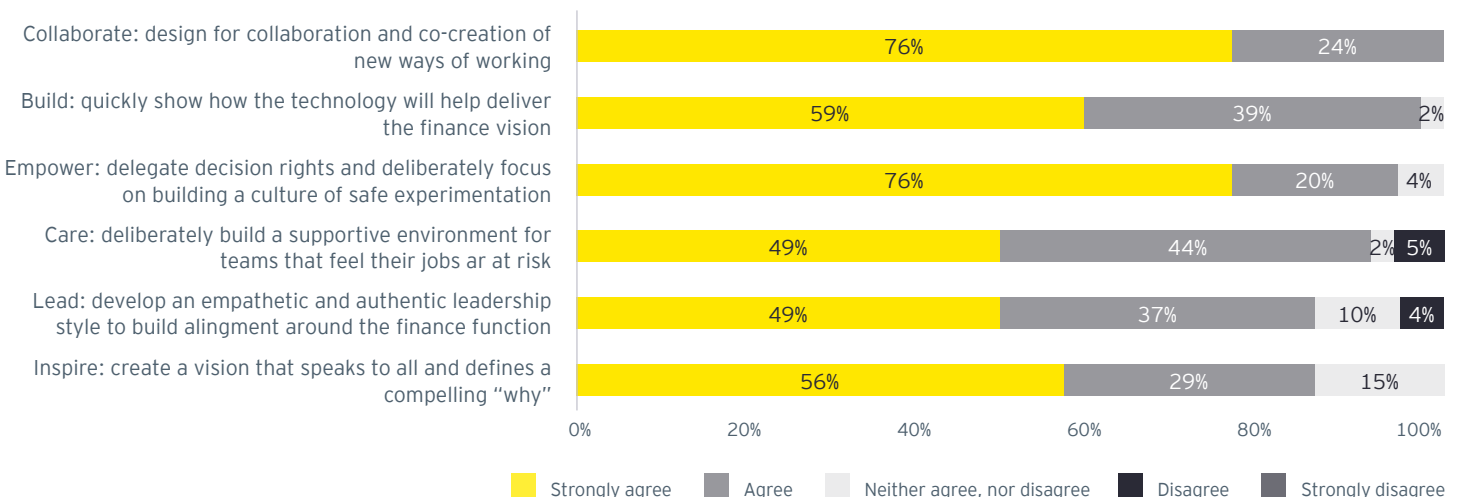
Fig. 6 CFOs agenda in today’s economic environment



The survey underscores key drivers for successful transformations in finance from the perspective of CFOs:

- ▶ **“Collaborate: Design for Collaboration and Co-Creation of New Ways of Working”**, gaining unanimous **100%** agreement, emphasizes the essence of collaboration and co-creation in successful transformation.
- ▶ **“Build: Quickly Show How the Technology Will Help Deliver the Finance Vision”**, agreed by **98%** CFOs, illustrates the crucial role of technology in bringing the finance vision to life.
- ▶ **“Lead: Develop an Empathetic and Authentic Leadership Style to Build Alignment around the Finance Function”** emerged as pivotal, with **96%** agreement, underlining the importance of strong leadership.
- ▶ **“Empower: Delegate Decision Rights and Deliberately Focus on Building a Culture of Safe Experimentation”** gains notable support from **93%** of respondents, reflecting the value of a culture fostering empowerment and experimentation.
- ▶ **“Care: Deliberately Build a Supportive Environment for Teams That Feel Their Jobs are at Risk”**, upheld by **86%** of respondents, affirms the significance of fostering a supportive environment.
- ▶ **“Inspire: Create a Vision That Speaks to All and Defines a Compelling ‘Why’”** finds strong endorsement with **85%** agreement, emphasizing the value of a compelling vision. (Fig. 7)

Fig. 7 The drivers of success in the finance function

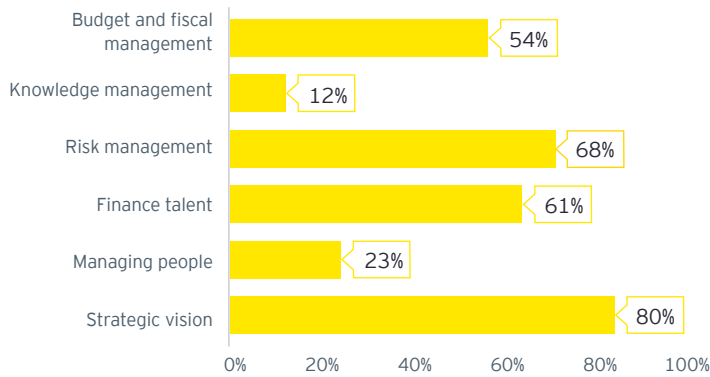


The strategic approach in financial leadership is deeply tied to four primary skills: strategy vision, risk management, talent and budget management.

Finance leaders have indicated a pronounced **inclination towards soft skills** when leading within the finance sphere. This preference is demonstrated by the elevated importance attributed to elements such as **'Strategic Vision'**, **'Risk Management'**, and **'Finance Talent'**. These skills are centered around strategic decision-making, resilience against risks, and effective utilization of financial knowledge.

According to the Finance Directors in Romania, risk management, tackling a wide range of risks like credit, liquidity, solvency, and more, is a topmost priority in banking. The company prepares for these risks by defining its risk appetite, which is documented annually and reviewed by different bank departments and top governance bodies. Different departments handle different risks, with reporting frequencies varying according to the risk type. The company also has contingency plans ready for action if risk limits are breached. The ultimate aim is to operate within set risk limits and promptly address any deviations. **'Budget & Fiscal Management'**, regarded as a **technical/ transactional skill**, is seen to have **potential for automation** (Fig. 8).

Fig. 8 Professional skills that a financial leader should possess



- ▶ **'Strategic Vision' (80%)**, directs organizational trajectory and steers pivotal decisions. This capability is pivotal in sculpting the company's future.
- ▶ **'Risk Management' (68%)**, involves crafting strategies that safeguard against financial perils effectively, fortifying the company's resilience.
- ▶ **'Finance Talent' (61%)**, consists of harnessing financial knowledge to execute strategic objectives. This implies utilizing financial insights to knit core strategies.
- ▶ Contrarily, **'Budget and Fiscal Management' (54%)** support strategic decisions through precise resource allocation, crucial for the company's financial health.

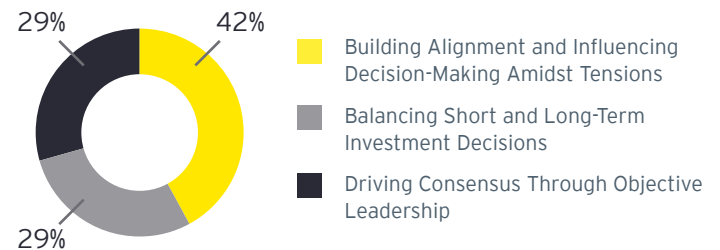
A comparison between Romania and Global yields insights into the strategies CFOs employ to cultivate long-term value amid pressure to curtail priority investments for immediate results:

A larger proportion of CFOs surveyed globally (**50%**) believe in the importance of finding a balance between short and long-term investments, compared to the executives in Romania (**29%**). This indicates a higher focus on this strategy among the global CFO community.

Using objectivity to facilitate group consensus is considered a significant strategy by **67%** of the global CFOs surveyed, contrasting noticeably with the executives in Romania, where only **29%** hold similar opinion. This reveals a more prevalent trend globally in using data-driven, unbiased methods to arrive at group decisions.

In terms of **building alignment and influencing decision-making**, **42%** of the CFOs in the Romanian group consider it a key strategy to create long-term value, in comparison to 32% in the global cohort. This implies a higher tendency among Romania's CFOs to leverage alignment and influence in their decision-making processes (Fig. 9).

Fig. 9 Investments and Value Creation



The company's strategies align with finance leaders' preferences, emphasizing strategic vision, risk management, and finance talent. This is illustrated through their use of outsourced risk services, audit processes, financial tools, and plans for automation in accounting. Their focus on continuous learning and collaboration, in addition to their adherence to ESG principles, mirrors the fundamental skills needed for strategic financial leadership.

CFOs within organizations in Romania demonstrate considerable confidence in identifying talent, adapting careers, and establishing succession plans, pointing towards their strong emphasis on people development and future planning.

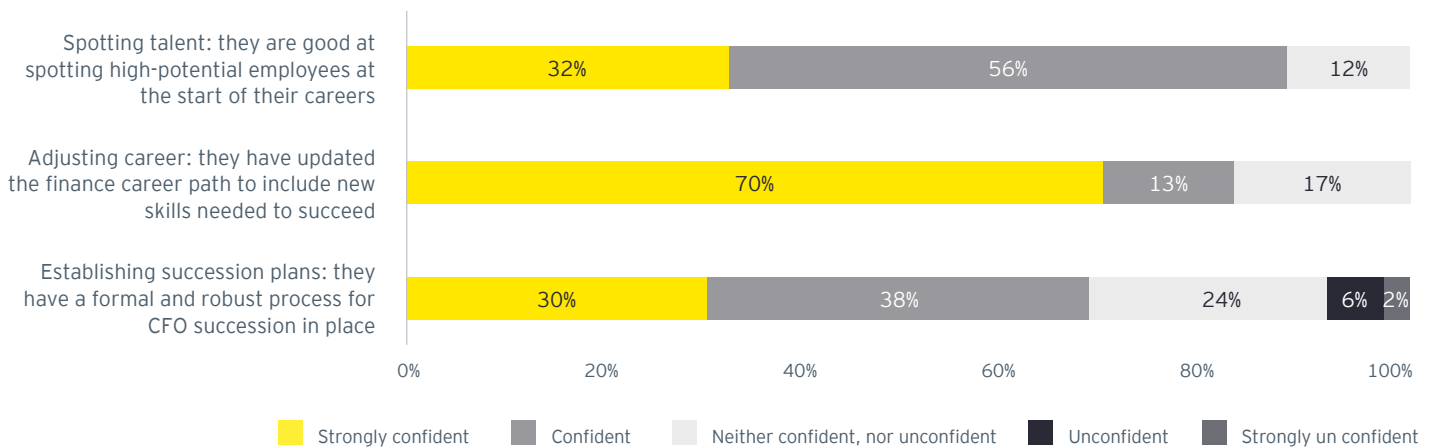
The survey results highlight the confidence level of forward-thinking CFOs in three critical areas revolving around people development and the future shape of the finance function. The comparison between the Ro and Global categories gives insights into the confidence level of CFOs on various development agendas:

The ability to identify talent early in their careers is a crucial strength for CFOs. A far greater proportion of CFOs in Romania (88%) express more confidence in their ability to spot talent as compared to those at a Global level (58%). This could suggest a high emphasis on talent identification within the Ro group.

“Adjusting Career”: The confidence to adjust careers amongst CFOs is considerably higher in Romania at 83%, compared to just 58% globally. It suggests that Romania’s CFOs feel more adaptable and ready to make career changes as needed.

However, when it comes to establishing robust succession plans, particularly for the CFO role, the confidence level tapers slightly. While both categories show more than half of the CFOs are confident, executives in Romania are more confident (68%) than the Global executives (55%). This highlights a stronger focus on future planning within Romania’s group. (Fig. 10)

Fig. 10 CFOs pursuing an innovative agenda key focus



In summary, when pursuing a bolder agenda focusing on people development and the future of the finance function, the CFOs in the Ro category generally display a higher level of confidence compared to their Global counterparts in spotting talent, adjusting careers, and establishing succession plans.

To foster collaboration and financial talent, a CFO must ensure transparency in objectives, align financial and organizational strategies, and promote team understanding of their roles. Effective communication for internal and external relations, an open culture for dialogue, and a participatory management style are critical. These principles form a unique culture essential to organizational success.

3



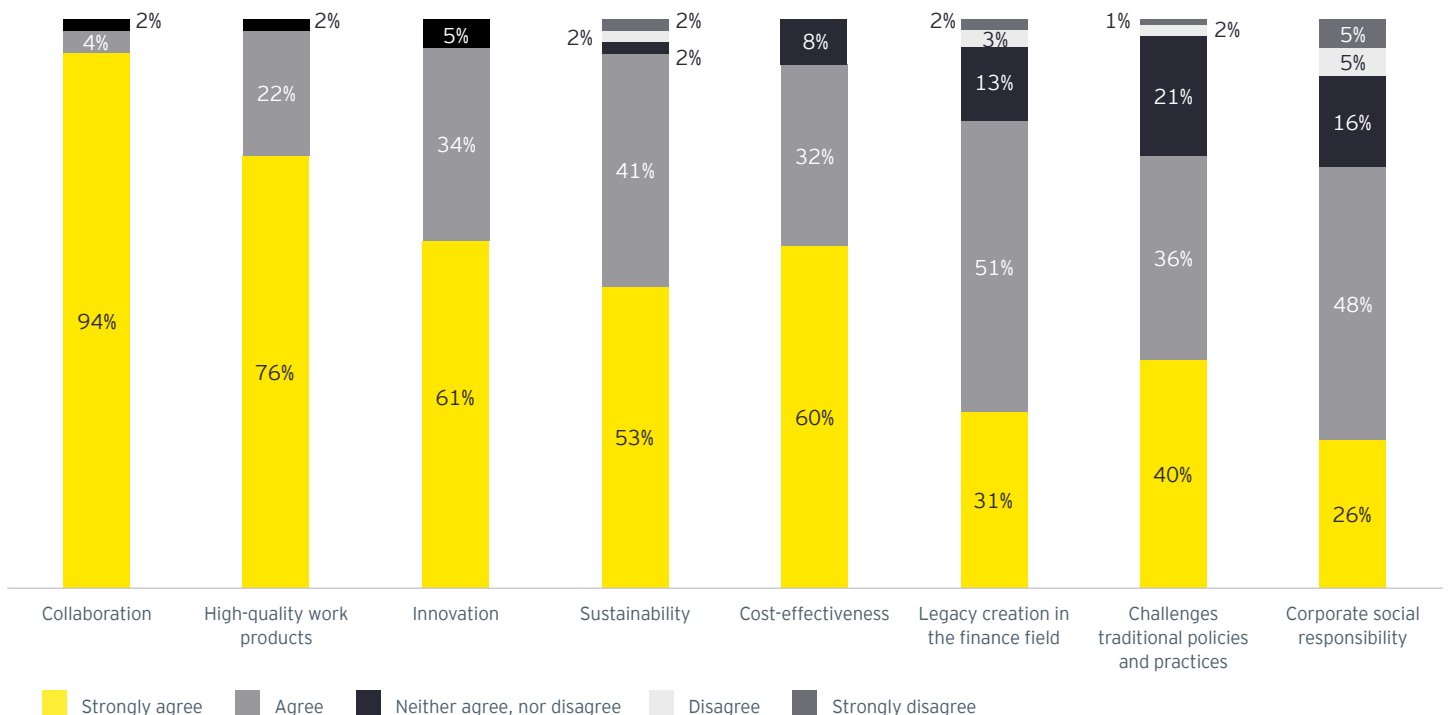
Fostering a Collaborative and Skillful Workforce: CFOs' Role in Talent Development

Emphasizing teamwork and exceptional results, CFOs highlight the importance of forward-thinking innovation, cost-efficiency, and enduring sustainability.

As integral to their strategic leadership, CFOs prioritize crucial values in their operations, thereby playing an active role in talent development, in line with fostering a collaborative and competent workforce:

- ▶ On top is **“Collaboration”**, with **98%** of CFOs recognizing its importance, reflecting the increasingly interconnected nature of finance.
- ▶ A close second, **“High-Quality Work Products”** was affirmed as important by **98%** of CFOs, underlining the crucial role of precision and excellence in finance deliverables.
- ▶ **“Innovation”**, **“Cost-effectiveness”**, and **“Sustainability”** were endorsed as important by **95%**, **92%**, and **95%** respectively, denoting the growing importance of creativity, efficiency, and sustainability in finance operations.
- ▶ **“Legacy Creation in the Finance Field”** and **“Challenging Traditional Policies and Practices”** received agreement from **82%** and **76%** respectively, exhibiting the growing inclination among CFOs to make an impact and continuously improve.
- ▶ Lastly, **“Corporate Social Responsibility”** deemed as important by **74%** CFOs, indicates the increasing adoption of ethical considerations in daily operations. (Fig. 11)

Fig. 11 Principles CFOs promote in their day-to-day business activity

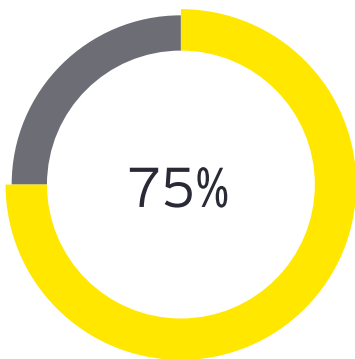


Underlining the significance of team collaboration and exceptional outcomes, CFOs stress the need for visionary innovation, cost-effective operations along with pursuing long-lasting sustainability. Correspondingly, a discussion with a CFO unveiled the integration of these elements within their corporate strategies. Efficacious strategies are those that harmoniously blend profit-making with rigorous cost management, thereby capitalizing on resource efficiency and long-term business value. The application of these focused strategies aims not only to ensure profitability but also to maintain equilibrium and cultivate lasting sustainability amidst an ever-evolving business landscape.

Integrity, reliability, and emotional intelligence show unanimous agreement on leading change adaptably.

Maintaining revenue-cost balance in banking is vital, reflecting the importance of a sound financial strategy and integrity in leadership. This is achieved through strategic use of technology for cost-efficiency, decision-making, and risk management. Emphasis is also on talent nurturing, responsible actions, and commitment to Environmental, Social, and Governance (ESG) parameters, exemplifying the evolving values in modern financial leadership.

The incorporation of these strategic values into everyday operations characterizes the contemporary CFO's mindset. Such alignment equips businesses with the resilience to prosper in dynamically shifting economic landscapes.



75% of respondents indicates that **CFOs should bolster their people-oriented competencies beyond just technical acumen** to effectively instigate a **shift in organizational culture**

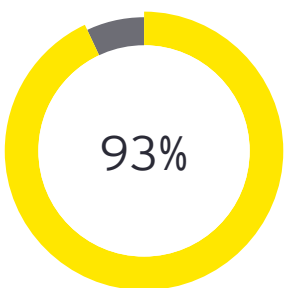
The majority of respondents (**93%**) cite **integrity** as crucial, as it fosters transparent and ethical business practices.

Honesty and trust are valued by **88%** of CFOs, as they form the bedrock of strong, reliable relationships within teams.

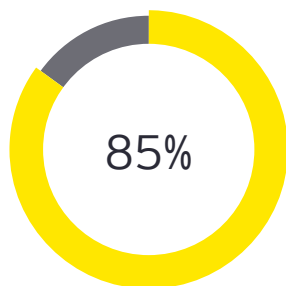
Dependability is key for **85%**, reflecting the importance of consistency and reliability in a turbulent business landscape.

Finally, **strong emotional intelligence**, acknowledged by **68%** of CFOs, is vital for understanding, managing and motivating diverse teams effectively. (Fig. 12)

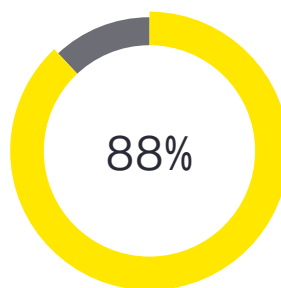
Fig. 12 Key personality traits valued by CFOs



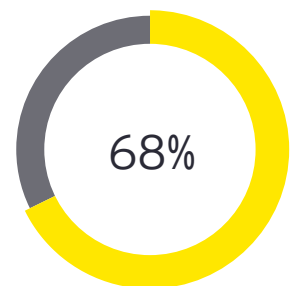
Integrity



Dependability



Honesty and Trust



Strong emotional intelligence

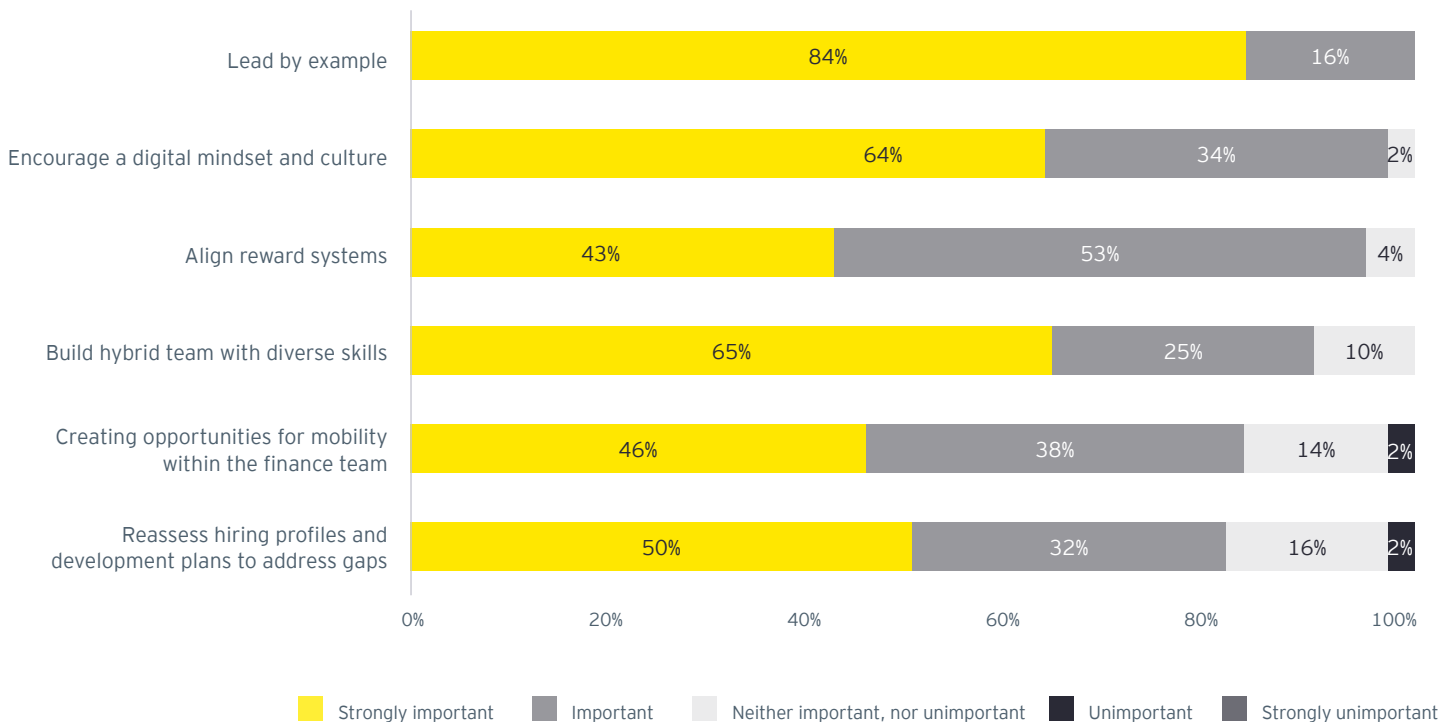
At the same time, in addition to the digital and transformative era, the CFO is aware of how important a healthy culture is. Thus, the employees are involved and eager to develop, having a direct impact on the company's results, with influence in the decision-making process at the board level.

Two critical areas in today's business settings - **facilitating cultural changes** and **redefining talent for data dominance**, have been identified among the results.

- ▶ A significant **100%** underscore the importance of leading change with an adaptable mindset.
- ▶ Supporting innovative ideas that foster a digital finance culture is crucial for **98%** of CFOs.
- ▶ Meanwhile, **96%** back aligning reward mechanisms with this cultural shift.
- ▶ On talent, **90%** of CFOs acknowledge the need for diverse teams equipped with skills in financial analysis, data science, and storytelling.
- ▶ Around **84%** advocate for mobility within finance teams to hasten development and agility.
- ▶ Also, **82%** stress reassessing hiring profiles and development plans to meet emerging requirements. (Fig. 13)

The results highlight the readiness of CFOs to drive notable shifts in their enterprises, with a clear emphasis on promoting digital transformation and optimizing talent for a data-driven future.

Fig. 13 Leadership key priorities for the next CFO generation



Global CFOs highly value trust, comprehensive thought, negotiation skills, and diverse leadership, differing from CFOs in Romania who give equal weight to data-driven decision making.

Financial leaders surveyed underlined the key attributes for CFOs to effectively steer their team's decision-making, integral to the development of a collaborative and skillful workforce, highlighting:

		Romania Global
1	Trusted relationships with key investors and the board	CFOs in Romania (68%) place great importance on the necessity of trusted relationships with key investors and the board, while 34% of global CFOs hold this view, demonstrating a significant divergence. 68% 34%
2	Trusted relationships with key executives	Both CFOs in Romania (29%) and Global CFOs (27%) agree on the importance of trusted relationships with key executives for effective decision-making. 29% 27%
3	Use data-driven insights to inform decisions	Data-driven insights for decisions are highly prioritised by CFOs in Romania (63%) compared to their global counterparts (25%), showing a strong emphasis on data in decision-making by CFOs in Romania. 63% 25%
4	Track record of success in transforming their function	While a successful track record of transformation is valued by 24% of Global CFOs, it's seen as less important by CFOs in Romania (15%). 15% 24%
5	Knowing when to stand firm and when to compromise	On negotiation skills, namely knowing when to stand firm or compromise, CFOs in Romania (39%) regard it as more critical in contrast with 23% of Global CFOs. 39% 23%
6	Leadership experience outside of finance	There is an acknowledgement of the relevance of leadership experience outside finance from both Romanian (10%) and Global counterparts (23%), indicating a shared need for diversified leadership experience. 10% 23%
7	Reputation for big-picture thinking	Big-picture thinking is highly valued by CFOs in Romania (46%) compared to global CFOs (22%), illustrating their higher appreciation for broad strategic perspectives. 46% 22%
8	Willing to disagree and openly debate decisions	Openness to disagreement and debate is deemed essential by 17% of CFOs in Romania compared to 22% globally, showing a slight disagreement on the importance of free debate and conversation for decision-making. 17% 22%

CFOs in Romania ought to place significant emphasis on their employees, fostering competition between departments. One of the key roles of a CFO is undoubtedly leadership and coordination, required for assembling and maintaining a team of proficient and influential experts.

Confidence in detecting market challenges, broadening expertise in key areas, and elevating talent development implies CFOs are shifting beyond conventional finance spheres.

The following two points have been highlighted as the most important for the respondents: **comprehending the changing business landscape** and **strategizing talent development and succession**.

To start, there's a need for CFOs to interact with a broad range of stakeholders beyond their organization to keep up with the evolving business environment.

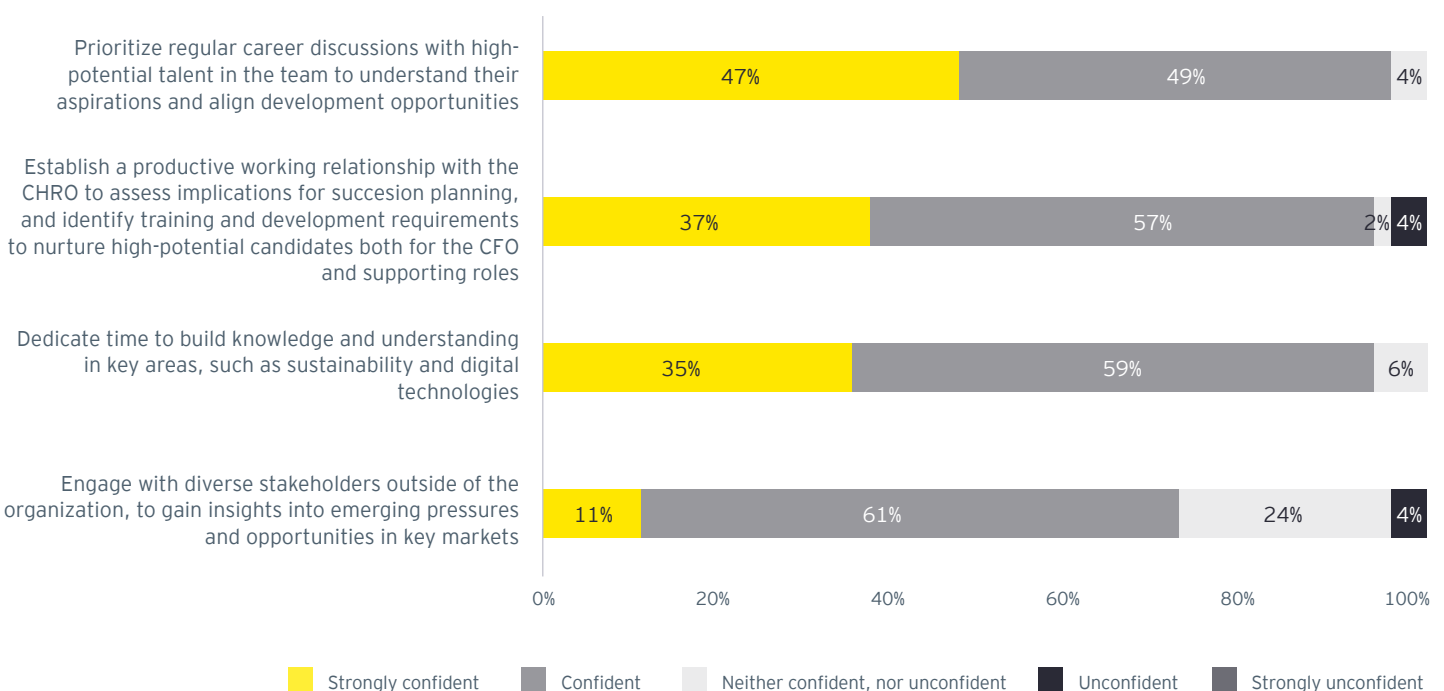
In this context, **72%** of CFOs feel confident about identifying emerging challenges and opportunities in key markets. However, a stronger focus is placed on dedicating time to broaden knowledge in critical areas, such as sustainability and digital technologies, with **94%** of CFOs feeling confident about their capabilities.

The focus then transitions to people development, specifically succession planning and talent growth. Nearly **94%** of CFOs are confident in their effective collaborations with CHROs, a relationship deemed vital for understanding succession planning and training needs.

Further, **96%** of CFOs prioritize regular career discussions with high-potential talent, revealing confidence in these conversations to align development opportunities. (Fig. 14)

In essence, these findings imply that CFOs must look beyond traditional finance domains. This entails actively bolstering their understanding of emerging areas and engaging in meaningful dialogue with both internal talent and external stakeholders, highlighting these areas as crucial investment of their time and effort.

Fig. 14 Actions Taken by CFOs to Mentor the Emerging Generation of Professionals



4



Future-Proofing Finance: Integration of ESG Factors and Strategic Risk Management in the CFO's Decision-Making Process

Emphasizing technology and digital innovation, talent, and culture more than their international peers, CFOs in Romania find common ground on portfolio optimization and ecosystem management.

The correlation between the Romanian and Global markets divulges discernable contrasts and similarities about CFOs' long-term priorities for the next three years:

"Technology and Digital Innovation" stands as the top priority for CFOs in Romania with approximately **82%** endorsement, substantially higher than the global figure of **43%**. This highlights a stronger focus on technology adoption and digital transformation within the Romanian finance sector.

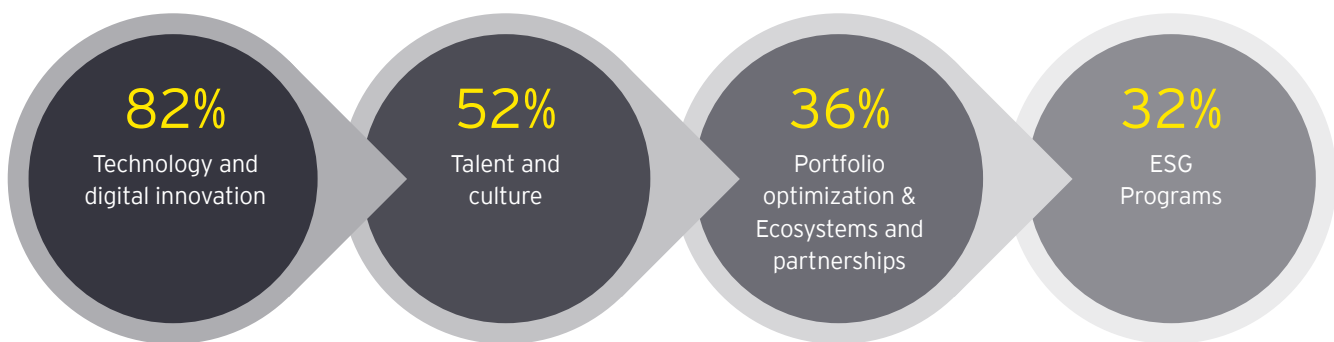
"Talent and Culture" is underscored as important by around **52%** of the CFOs in Romania, more than double the global figure of **20%**. This indicates a greater emphasis on people and culture in fueling long-term transformation within Romania.

For **"Portfolio Optimization"**, CFOs in Romania and global ones seem more closely aligned in their perspectives with **36%** and **34%** respectively, indicating it as a global trend in finance long-term strategies.

"Ecosystems and Partnerships" followed closely with **36%** of CFOs in Romania selecting it, slightly more than the global figure of **29%**, suggesting a local propensity towards fostering organizational partnerships and collaborations.

Interestingly, while **"ESG Programs"** appears to be a less pressing priority for CFOs in Romania at **32%**, it matched the global priority level at **43%**. This suggests a potential room for growth for sustainability focus in the Romanian context compared to the global stage. (Fig. 15)

Fig.15 Leadership key priorities for the creation of the next generation of CFOs



In essence, the comparison between Romanian results and Global, indicates that CFOs in Romania have a stronger inclination towards technology and digital innovation, talent and culture, and ecosystems and partnerships. However, they seem less focused on environmental, social, and governance programs, compared to the global counterparts.

The interviews reveal a CFO's strategy to cultivate a culture of cost optimization, innovation, and growth. This involves leveraging technology for automation and digital transformation, implementing initiatives like organizational dashboards, streamlining the budgeting process, and fostering employee participation. The use of forward-looking measures further cultivates a balanced workplace culture.

Technology, digital innovation, talent, and culture are prioritized more heavily by Romania-based finance chiefs compared to their global counterparts, although alignment is closely observed in aspects of portfolio optimization and ecosystem management.

In the evolving world of finance, the role of Chief Financial Officers (CFOs) is undergoing significant transformation. The third part of our six-part series "Future-Proofing Finance" shifts focus towards the CFO's decision-making process, placing particular emphasis on the integration of Environmental, Social, and Governance (ESG) factors and strategic risk management.

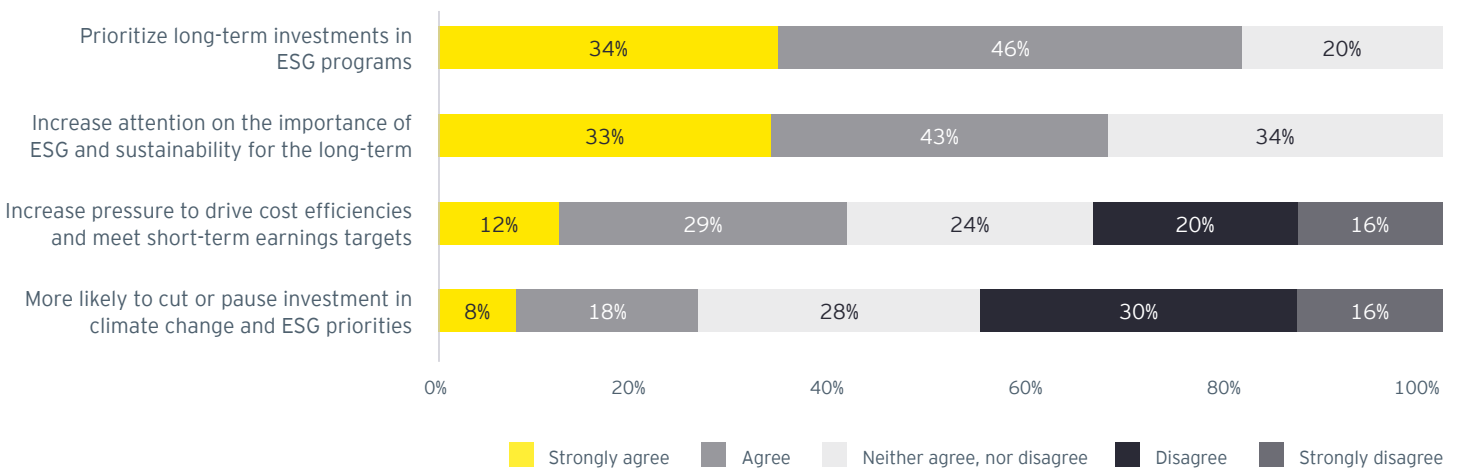
"Prioritize long-term investments in ESG programs": Globally, **51%** of CFOs strongly agree with this strategy, compared to a somewhat lower **34%** on the Romanian side. This suggests stronger agreement globally on the need to prioritize long-term ESG goals when pursuing major changes.

"Increase attention on the importance of ESG and sustainability for the long term": Once again, more global CFOs strongly agree (**46%**) when compared to the local group (**33%**). It shows that paying heightened attention to ESG and sustainability factors in the long term is seen as particularly crucial by Global CFOs.

"Increase pressure to drive cost efficiencies and meet short-term earnings targets": The differences are even more pronounced here, with **44%** of global CFOs strongly agreeing, dramatically higher than the **12%** among the CFOs in Romania. This indicates a stronger global consensus on managing costs and focusing on short-term earnings while making bold changes.

"More likely to cut or pause investments in climate change and ESG priorities": There's more significant deviation, with **44%** of the Global group strongly agreeing, opposed to merely **8%** for the CFOs in Romania. This suggests that globally, there's a higher level of agreement on the possibility of reducing or halting ESG investments under bold changes, a view less shared in the Romanian market. (Fig. 16)

Fig. 16 Long term development priorities



The interviews highlight CFOs' strategic approach to incorporating ESG principles into risk management and decision-making. This includes their commitment to sustainability in all areas of operation, environmental risk mitigation through green initiatives, and alignment of their profitability and investment goals with ESG principles. Their transparency in communicating these actions helps to manage stakeholder relationships and associated risks. These insights demonstrate the crucial role CFOs play in tying individual actions and broader business initiatives into strategic risk management via ESG integration.

CFOs in Romania display greater readiness for bold, high-risk changes to future-proof finance functions.

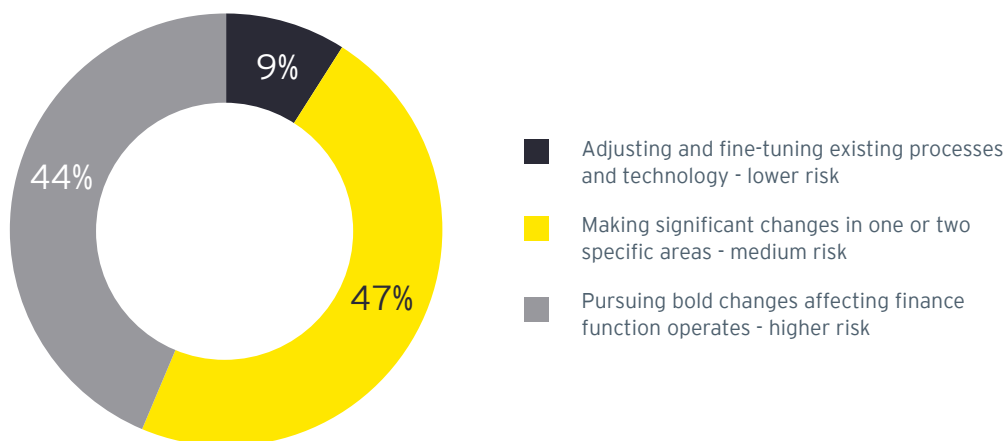
EY Romania survey offers valuable insights into the various strategic approaches CFOs are contemplating while navigating the complex task of future-proofing their finance functions. Interestingly, these strategies correspond to three distinct risk profiles.

A significant percentage for both sides are almost evenly split, with the respondents in Romania at **47%** agreement and the Global group at **50%**, fall under the **“Medium Risk: Making Significant Changes in One or Two Specific Areas”** category. This indicates a similar anticipation of moderate risk associated with significant changes in specific areas across both groups. This group of CFOs recognizes the potential benefits of focusing their transformative efforts on key areas within their finance operations. By zeroing in on a select few facets for change, they aim to bring about impactful improvements in operational efficiency and overall performance.

Interestingly, a significantly higher proportion of CFOs in the Romanian group (**44%**) are expecting to adopt a **“Higher Risk: Pursuing Bold Changes in How the Finance Function Operates”** approach, compared to those in the Global group (**14%**). This portrays a boldness or perhaps a larger need for transformative changes in the Romanian group. Even though this approach carries substantial risks due to its ambitious nature, the potential returns—in terms of driving extensive innovation and streamlining operations—can be well worth it. CFOs who are not risk-averse and are comfortable with such bold strategy overhauls, could substantially redefine their operations, creating a competitive edge and fostering significant innovation.

“Lower Risk: Adjusting and Fine-tuning Existing Processes and Technology”: Globally, CFOs show a higher inclination towards a lower risk approach (**36%**) compared to those in the Romanian area (**9%**). This may suggest a preference for incremental changes and adjustments in existing processes and technology globally, rather than larger scale upheavals. By fine-tuning existing processes and technologies, these risk-averse CFOs aim to maintain a steady operational rhythm while progressively introducing enhancements that can gradually advance their finance functions. (Fig. 17)

Fig. 17 Willingness to take risk prone decision taking



While there's a balanced view on pursuing medium risk changes, differences emerge in the approach towards higher and lower risk strategies. CFOs operating in Romania appear to be more open towards embracing bold changes and higher risks in their finance function over the next three years, while the Global group shows a tendency towards lower risk adjustments and fine-tuning existing processes.

Comprehensive transformation planning, alignment with long-term financial objectives, and a merge of varied transformational elements are instrumental strategies for an innovation-focused financial agenda, with a majority advocating for an integrated approach to capture enduring value.

CFOs from Romania agree on the following strategy to extract value from a proactive, innovation-focused financial agenda:

First, a noteworthy **25%** of CFOs emphasize the need for a meticulous and far-reaching **transformation agenda**. They argue that clearly defining the roadmap and overarching strategy of transformation is critical for capturing value from the process. Such an approach entails defining clear objectives and tactics, which can align the organization towards achieving the ultimate goals of the transformation.

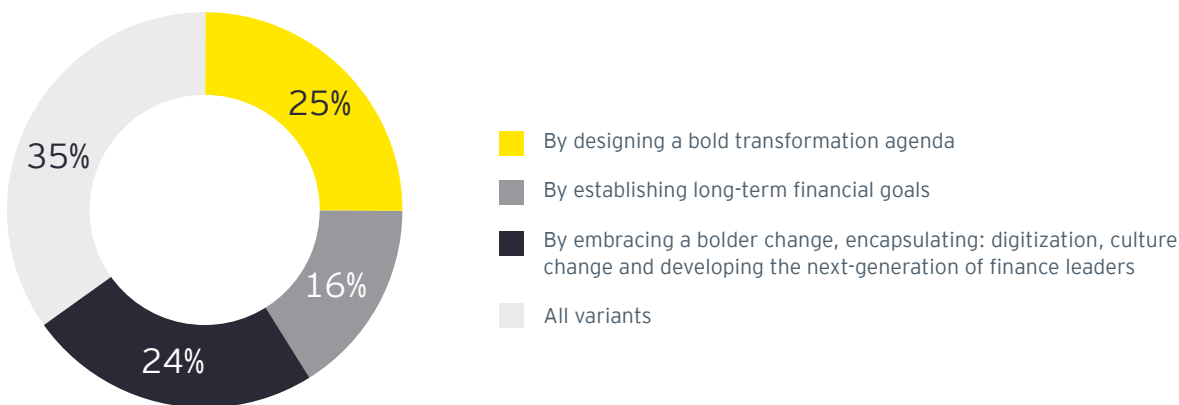
Secondly, roughly **16%** of the respondents pinpoint **long-term financial** goals as a critical element. This group of CFOs proposes that establishing and aligning organizational activities towards concrete, long-term financial objectives are instrumental in realizing substantial value from any transformational efforts.

Simultaneously, another fraction, **24%** of CFOs, advocates for adopting a **holistic transformation approach**. This cohort believes in encompassing multiple transformational elements such as leveraging digitization initiatives, revamping cultural norms, and cultivating tomorrow's finance leaders to extract enduring benefits.

Interestingly, the largest segment of respondents (around **35%**) indicated a preference for **a combined approach**. These CFOs favor the integration of all the above strategies to tap into the value driven by a bold and innovative financial agenda. (Fig. 18)

The findings suggest a broad consensus around the integration of comprehensive transformation planning, long-term financial goal setting, and embracing a fusion of transformational elements as pivotal strategies to capture value from an innovation-focused finance agenda. This highlights the evolving role of CFOs as strategic leaders capable of driving end-to-end change within their organizations.

Fig. 18 How can CFOs capture the value from an innovative change agenda in finance



CFOs in Romania maintain a remarkably close partnership with the sustainability department.

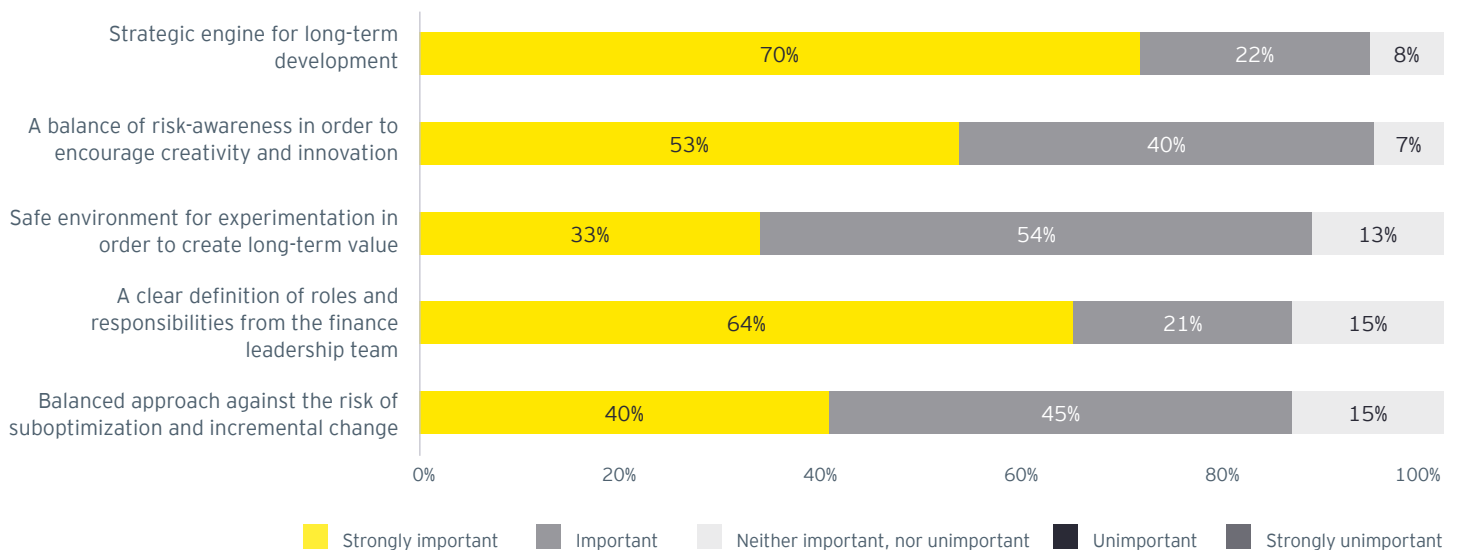
A system is being introduced for joint supervision with the sustainability department. Undoubtedly, the integration of ESG and sustainability principles in their actions is crucial.

Finance leaders show a prevailing trend towards strategic thinking, with emphasis on long-term development.

The following key areas have been highlighted in the results by finance leaders, based on their valuable experience in the Romanian economy, as they craft strategic pathways for their finance function:

- ▶ Ranking highest on the agenda is **“Strategic Engine for Long-Term Development”**, emphasized by **70%** of leaders. These leaders underline the evolving role of a CFO from a traditional financial overseer to a visionary leader driving the company’s strategic roadmap.
- ▶ Secondly, a **“Clear Definition of Roles and Responsibilities”** by the finance leadership team is a central point for **64%** of respondents. This emphasizes the critical need for distinct role clarity, strategic alignment, and shared accountability within the finance function.
- ▶ Balancing **“Risk Awareness with Creativity and Innovation”** stands out for **53%** of leaders. This indicates a strategic shift towards balancing prudent risk management with the drive to foster an innovative and forward-thinking finance function.
- ▶ Next, a **“Balanced Approach against Suboptimization and Incremental Change”** is affirmed by **40%** of participants. This reflects a strategic shift from short-term, isolated improvements to taking a big-picture view aiming for holistic, all-encompassing growth.
- ▶ Lastly, creating a **“Safe Environment for Experimentation to Create Long-Term Value”** is endorsed by **33%** of leaders. This places an emphasis on a corporate culture that encourages innovation, supports exploratory initiatives, and sees them as key to driving long-term value creation. (Fig. 19)

Fig. 19 How CFOs operating in the Romanian economy define their agenda



These insights underscore a movement towards more strategic, big-picture thinking in finance leadership, highlighting a balanced approach towards risk, clear role definitions, and an environment supportive of long-term growth and innovation.

Three pivotal qualities for progressive decision-making emerge from the study: being ‘Smart’ with a robust data strategy, being ‘Connected’ to promote cross-functional collaborations, and adopting a ‘Talent-led’ approach to disrupt conventional skillsets.

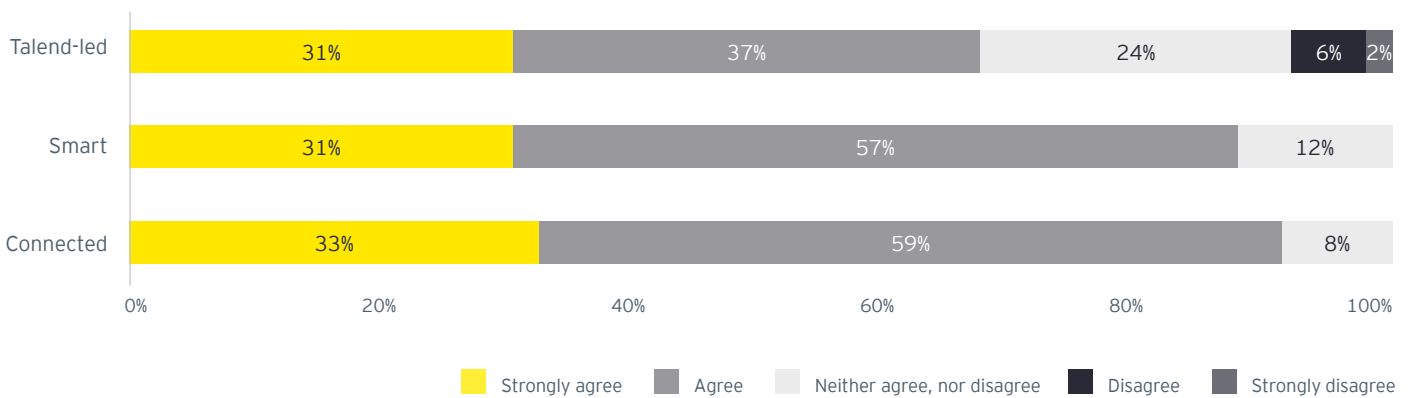
The respondents have agreed that the 3 pivotal qualities which are crucial for progressive decision-making in the ever-evolving financial landscape are:

The quality of being **“Smart”**, characterized by crafting a robust data strategy and building an effective data analytics capability leveraging AI, was deemed as the most important by a solid **88%** (sum of strong agreement and agreement). This signals the growing importance of data-driven decision-making, and how it’s considered a pivotal part of the evolving role of finance function.

Being **“Connected”**, encompassing the development of a next-generation finance model that promotes cross-functional collaboration and agile responsiveness, was considered utmost essential by a substantial **92%** of participants. This suggests a strong consensus on the shifting paradigm of finance, from a traditionally siloed function to a more integrated, connected one that can swiftly adapt to disruptions.

Finally, a **“Talent-led”** approach, which entails disrupting the conventional skill sets within the finance function and fostering a culture of innovation and value-driven behaviors, was considered critically important by 68%. Although agreed upon by most, there’s a less unanimous agreement on this aspect, with **8%** disagreeing, indicating an ongoing debate on how exactly to shape and transform the traditional talent structure of finance. (Fig. 20)

Fig. 20 Importance of key qualities that CFOs possess



The survey results make it clear that as the finance function evolves, it must become smarter in data strategy and analytics, more connected across the organization, and led by a talent strategy that embraces both skills diversity and cultural change. However, there may be a need for further discussions to enhance understanding and agreement around the disruption of traditional talent structures.

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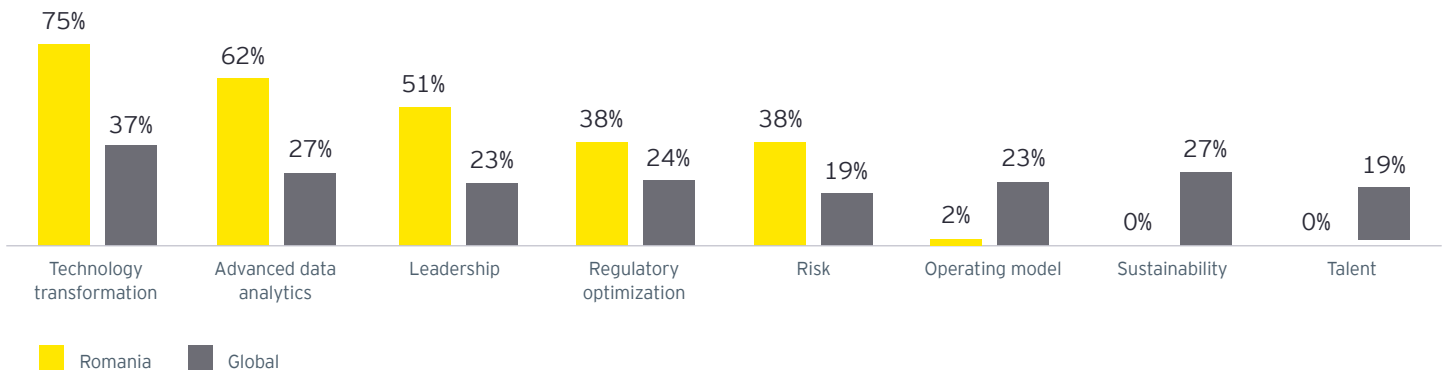


Exploring Technological Innovation: A CFO's Utilization of Financial Tools for Business Insights

Transformation priorities for the next three years focus on boosting productivity and acquiring in-depth business intelligence, as revealed by the survey.

- ▶ At the forefront, **“Technology Transformation”** emerges as the most critical priority with **75%** of CFOs underscoring its significance. This indicates a strong tilt towards digital transformation, leveraging emerging technologies to modernize processes, automate tasks, enhance productivity, and gain actionable insights.
- ▶ Following closely, **“Advanced Data Analytics”** is noted as a crucial priority by **62%** of respondents. As CFOs lean in to utilize financial tools for business insights, they’re increasingly harnessing the power of data analytics. With its ability to provide predictive capabilities, identify trends, and equip decision-makers with real-time insights, it plays a pivotal role in informed, strategic decision-making.
- ▶ **“Leadership”** notably features as an important priority with **51%** recognition, emphasizing the role of visionary leadership in managing transformation and change effectively.
- ▶ Lastly, **“Regulatory Optimization”** and **“Risk”** management (each scoring **38%**) underline the increasing recognition of successfully maneuvering in a complex regulatory setting and efficaciously administering risk for the comprehensive health and sustained growth of an organization. It’s worth noting that these functions, more historically associated with the CFO’s role in accounting and tax, exist primarily to safeguard the company’s value rather than to facilitate its growth.
- ▶ Interestingly, areas like **sustainability, operating model tweaks, and talent** did not emerge as high-ranking priorities, scoring **0%** and **2%** respectively. (Fig. 21)

Fig. 21 Key Areas to consider for decision making



Comparative analysis of the global study with local data from Romania reveals some intriguing trends. Globally and locally, **“Technology Transformation”** tops the chart with **37%** and **75%** respectively, indicating the universal emphasis on technology in the future of finance. **“Advanced Data Analytics”** is the second priority globally (**27%**), which is even more pronounced in Romania with **62%** agreement, underlining the importance placed on data insights. However, **“Sustainability”**, a third global priority (**27%**), isn’t as prominent in Romania. While technology and data analytics are universally acknowledged transformation drivers, regional differences emerge around sustainability and leadership roles in this context, indicating perhaps the fact that in most companies sustainability initiatives come from the HQ and as such are not a big priority for the local CFOs.

With high-performance systems becoming inevitable, consolidating financial, technical, and sustainability KPIs into a centralized data warehouse emerges as a crucial strategy.

Data warehouse capabilities are seen as vital in the finance industry, providing valuable insights for more accurate decision-making and underpinning intricate financial analysis. Technological innovation aids in comprehending a company's performance and driving effective decisions. Concurrently, finance is viewed as storytelling with numerical data, with strategies like SWOT analyses informing performance. Talent acquisition and retention are also significant, with the company offering a range of career paths to cater to diverse employee aspirations. The company promotes expertise development and actively supports the growth of recognized market experts, aiming to be an employer of choice.

Qualitative results

The need for high-performance systems within each company is inevitable. It is identified as vital to not only have financial, technical, and sustainability-based Key Performance Indicators (KPIs), but also to possess a centralized data house or warehouse. This allows for structured and unstructured data storage, and supports advanced analytical tools like **Business Intelligence (BI) and Power BI, which facilitate data visualization.**

These systems offer a wealth of information that can be utilized for data-driven decision-making. Additionally, organizations are finding utility in cutting-edge applications allotted by regulatory bodies such as IFRS 17 (International Financial Reporting Standards). These applications allow multiple scenarios to be generated, which in turn paves the way for identifying the potential ways business can be affected based on certain KPIs.

Furthermore, technologically advanced tools exhibit significant potential in transforming the substantive nature of enterprise operations. **An increasing dependency on Artificial Intelligence (AI)** is observed for improving and simplifying finance-related tasks, despite present-day tools offering limited features.

However, the power of AI and other advanced tools inevitably lies in their ability to automate routine tasks and foster a deeply analytical finance function. Looking from a future perspective, **merging AI functionalities with BI tools**, designed to learn and generate reports independently, will be truly ground-breaking.

This focus on state-of-the-art technological integrations **isn't limited to just finance; legal departments are also benefiting** from the use of innovative tools, especially for contract reviews and identifying missing legal terms.

The goal is to devote the least time on production and maximize time spent on analytical activities, fostering a 'data-driven business model'.

Efficient systems are being built by CFOs in Romania at the company level for the identification of financial, technical, and sustainability KPIs. This is done hand in hand with both the business and sustainability departments, with the aim to streamline and tasks associated with finance, legal issues, and other foundational departments under the CFO's supervision.

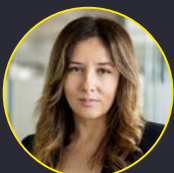
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